

**UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY**

UNITED STATES OF AMERICA	:	Hon.
	:	
v.	:	Crim. No. 24-
	:	
RICHARD FADRAGA,	:	18 U.S.C. § 1349
a/k/a “Ricardo Fadraga”	:	18 U.S.C. § 1343

INFORMATION

The defendant having waived in open court prosecution by Indictment, the United States Attorney for the District of New Jersey charges:

COUNT 1
(Conspiracy to Commit Wire Fraud)

1. At all times relevant to this Information:
 - a. Defendant Richard Fadraga, a/k/a “Ricardo Fadraga” (“FADRAGA”), resided in or around Union County, New Jersey.
 - b. FADRAGA owned, operated, and/or had a financial or controlling interest in Adde Botanica LLC, a business located in or around Union County, New Jersey.
 - c. FADRAGA owned, operated, and/or had a financial or controlling interest in Adde Botanica & Florist LLC, a business located in or around Passaic County, New Jersey, until it closed in or around 2019.
 - d. Co-Conspirator-1 resided in or around Middlesex County, New Jersey, and owned, operated, and/or had a financial or controlling interest in Company-1, a business located in or around Linden, New Jersey that, among other things, prepared tax returns for customers. Co-Conspirator 1 assisted in the

preparation of federal income tax returns for FADRAGA, certain of his businesses, and associates of FADRAGA.

e. Co-Conspirator-2 resided in or around Union County, New Jersey.

f. Bank-1 was a financial institution headquartered in or around Boston, Massachusetts.

g. Bank-2 was a financial institution headquartered in or around McLean, Virginia.

h. Bank-3 was a financial institution headquartered in or around Danville, Virginia.

2. After the Internal Revenue Service (“IRS”) suspended Co-Conspirator 1 from electronically filing tax returns, in or about 2023, at the request of Co-Conspirator 1, FADRAGA applied for and was issued by the IRS an Employer Identification Number and Electronic Filer Identification Number, which Co-Conspirator 1 used to prepare and file tax returns for others.

Economic Injury Disaster Program

3. The Coronavirus Aid, Relief, and Economic Security (“CARES”) Act was a federal law enacted in or around March 2020 designed to provide emergency financial assistance to millions of Americans suffering economic effects caused by the COVID-19 pandemic. One source of relief provided by the CARES Act was the authorization of the Economic Injury Disaster Loan (“EIDL”) program. EIDL was a Small Business Administration (“SBA”) program that provided low interest

financing to small businesses, renters, and homeowners in regions affected by declared disasters.

a. In order to obtain an EIDL, a qualifying business was required to submit an application to the SBA and provide information about its operations, such as the number of employees, gross revenues for the 12-month period preceding the COVID-19 disaster (“Disaster”), and cost of goods sold in the 12-month period preceding the Disaster. In the case of EIDLs for COVID-19 relief, the 12-month period constituted the 12 months preceding January 31, 2020. In addition, the business entity must have existed in an operational condition on February 1, 2020.

b. The amount of the EIDL was determined based, in part, on the information the applicant provided regarding the revenue, employees, and cost of goods of the company. The SBA directly issued any funds disbursed under an EIDL to the applicant company. A company was permitted to use EIDL funds for payroll expenses, sick leave, production costs, and business obligations, such as debts, rent, and mortgage payments.

c. To obtain an EIDL, a qualifying applicant was required to submit an application to the SBA, through an online portal. EIDL applications were received in cloud-based platforms. The location of the server through which the EIDL application was submitted was based on the date the application was processed by the SBA and the application number. Beginning July 11, 2020, all EIDL applications and supporting documents were received in a cloud-based platform through SBA servers located in or around Des Moines, Iowa. Before July

11, 2020, EIDL applications beginning with the prefix 33 were received in a cloud-based platform through SBA servers located in or around Des Moines, Iowa.

The Conspiracy and Scheme to Defraud

4. From at least in or around May 2020 through in or around February 2024, in the District of New Jersey and elsewhere, the defendant,

**RICHARD FADRAGA,
a/k/a “Ricardo Fadruga”**

did knowingly and intentionally conspire and agree with Co-Conspirator-1 and others to devise and a scheme and artifice to defraud the SBA and others and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, as set forth below, and, for the purpose of executing such scheme and artifice to defraud, did transmit and cause to be transmitted in interstate and foreign commerce certain writings, signs, signals, pictures, and sounds, contrary to Title 18, United States Code, Section 1343.

Goal of the Scheme to Defraud

5. The goal of the scheme was for FADRAGA, Co-Conspirator-1, and others to enrich themselves by defrauding financial institutions and the SBA by, among other things, submitting loan applications containing false information to fraudulently obtain federal COVID-19 emergency relief funds from the SBA that were meant for distressed small businesses and falsifying information in connection with a loan application for the purchase of real estate.

Manner and Means of the Scheme to Defraud

6. It was part of the scheme that:

a. On or about June 24, 2020, FADRAGA, while residing in or around Union County, New Jersey, caused the submission of an EIDL application (“Application-1”) to the SBA on behalf of Adde Botanica LLC seeking a loan.

Application-1 had an application number with a prefix of 33, and was therefore received by the SBA in a cloud-based platform whose servers were located in or around Des Moines, Iowa.

b. On or about June 24, 2020, FADRAGA and Co-Conspirator-1 exchanged messages via a secure messaging application concerning Application-1. Co-Conspirator-1 sent FADRAGA multiple messages depicting screenshots of Application-1 while Co-Conspirator-1 completed Application-1 on behalf of Adde Botanica LLC.

c. Application-1 and its supporting documents contained materially false and fraudulent information, including false information concerning the number of employees and annual gross revenue for Adde Botanica LLC. For example, Application-1 falsely stated that Adde Botanica LLC’s gross revenues for the 12 months prior to the Disaster were \$1,667,960.00.

d. Application-1 listed FADRAGA as Chief Executive Officer of Adde Botanica LLC, listed an e-mail address that included FADRAGA’s last name, and listed Adde Botanica LLC’s physical address. Application-1 listed as FADRAGA’s business address an address associated with Co-Conspirator-1.

e. On or about June 29, 2020, FADRAGA sent Co-Conspirator-1 a screenshot of a message from the SBA showing that Application-1 was being processed and requesting that FADRAGA sign loan closing documents.

f. FADRAGA and Co-Conspirator-1's false and fraudulent representations and omissions in Application-1 caused the SBA to disburse approximately \$6,000 into a bank account at Bank-1 ("Account 8514") on or about June 25, 2020, and caused the SBA to disburse approximately \$104,000 into Account 8514 on or about July 7, 2020.

g. FADRAGA subsequently used at least some of the funds described in the above paragraph on personal expenses.

h. On or about July 17, 2020, FADRAGA, while residing in Union County, New Jersey, caused the submission of an EIDL application ("Application-2") to the SBA on behalf of Adde Botanica & Florist LLC seeking a loan. Application-2 was submitted after July 11, 2020, and was therefore received in a cloud-based platform through SBA servers located in or around Des Moines, Iowa.

i. Application-2 and its supporting documents contained materially false and fraudulent information, including false information concerning the number of employees and annual gross revenue for Adde Botanica & Florist LLC. For example, Application-2 falsely stated that Adde Botanica & Florist LLC's gross revenues for the 12 months prior to the Disaster were \$763,596.00 and that its monthly sales were \$63,633.00. Additionally, and as was noted in paragraph 3.a, to qualify for EIDLs for COVID-19 relief, a business must have existed in an operational condition on February 1, 2020. Adde Botanica & Florist LLC had closed

in or around 2019, before FADRAGA and Co-Conspirator-1 submitted Application-2 on behalf of the company.

j. FADRAGA and Co-Conspirator-1 falsely submitted Application-2 under the name of Co-Conspirator-2 to avoid the SBA detecting FADRAGA and Co-Conspirator-1's involvement in Application-2. But SBA records indicated that Application-1 and Application-2 were both accessed via the same IP address and listed the same phone number which was associated with FADRAGA. SBA records further indicated that multiple other loan applications submitted to the SBA were accessed via the same IP address, including applications in the names (including variations of the names) of Co-Conspirator-1 and people associated with Co-Conspirator-1.

k. On or about August 7, 2020, FADRAGA sent Co-Conspirator-1 a screenshot of an e-mail he received from an SBA Loan Officer regarding Application-2, which requested that FADRAGA provide additional information in support of Application-2.

l. On or about August 8, 2020, FADRAGA sent Co-Conspirator-1 a screenshot of an e-mail he received from an SBA Loan Officer regarding Application-2, which requested that FADRAGA provide additional information in support of Application-2.

m. On or about August 8, 2020, FADRAGA sent Co-Conspirator-1 information to log in to the SBA account associated with Application-2. Co-Conspirator-1 responded by sending a screenshot of the SBA log-in page stating that the log-in credentials used were not correct.

n. On or about August 27, 2020, FADRAGA sent Co-Conspirator-1 a screenshot showing that Application-2 had been approved.

o. FADRAGA and Co-Conspirator-1's false and fraudulent representations and omissions in Application-2 caused the SBA to disburse approximately \$131,200 into a bank account at Bank-2 ("Account 7980") on or about August 28, 2020.

p. The loan proceeds received as a result of Application-2 were shared between FADRAGA, Co-Conspirator-1, and Co-Conspirator-2.

q. In or around August 2021, FADRAGA applied for a loan at Bank-3 in connection with the purchase of residential real estate in or around Venice, Florida ("Application-3").

r. On or about August 13, 2021, FADRAGA sent Co-Conspirator-1 a screenshot of the questions associated with Application-3, including questions about annual base salary, overtime, bonus, and commission. Co-Conspirator-1 provided instructions as to how FADRAGA should complete Application-3.

s. On or about September 8, 2021, FADRAGA sent Co-Conspirator-1 a screenshot of an e-mail from a Loan Officer at Bank-3 seeking 12 months of bank statements for Adde Botanica LLC and other materials.

t. On or about September 10, 2021, and on other dates, FADRAGA sent Co-Conspirator-1 copies of bank statements from Account 8514.

u. On or about September 13, 2021, Co-Conspirator-1 sent to the Loan Officer at Bank-3 PDF files of fraudulent bank statements from Account 8514

that had been altered to falsely make it appear as if Account 8514 contained more money than it in fact contained during the relevant 12-month time period.

v. On or about September 16, 2021, Co-Conspirator-1 sent FADRAGA a screenshot of a portion of a fraudulent bank statement from Account 8514. The original August 31, 2021 statement from Account 8514 showed a beginning balance of \$7,468.17 and an ending balance of \$5,183.16. The fraudulent August 31, 2021 statement from Account 8514 which Co-Conspirator-1 sent to FADRAGA on or about September 16, 2021 showed a beginning balance of \$122,468.17 and an ending balance of \$118,304.81. The fraudulent statement also included multiple fictitious transactions totaling more than \$120,000. The fraudulent August 31, 2021 statement was included—among other fraudulent statements—in Co-Conspirator-1’s September 13, 2021 e-mail to the Loan Officer at Bank-3.

In violation of Title 18, United States Code, Section 1349.

COUNTS 2-3
(Wire Fraud)

7. Paragraphs 1, 2, 3, 5, and 6 of the Information are incorporated as if set forth in full herein.

8. On or about the dates listed below, in the District of New Jersey and elsewhere, the defendant,

RICHARD FADRAGA,
a/k/a “Ricardo Fadruga”

did knowingly and intentionally devise and intend to devise a scheme and artifice to defraud, and aid and abet the scheme and artifice to defraud, the SBA, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and, for purposes of executing and attempting to execute such scheme and artifice to defraud, did knowingly and intentionally transmit and cause to be transmitted by means of wire communications in interstate and foreign commerce certain writings, signs, signals, pictures, and sounds, namely the wire transfers described below, each constituting a separate count of this Information:

Count	Approx. Date	Interstate Wire Transmission
2	June 24, 2020	Submission of Application-1 on behalf of Adde Botanica LLC, containing false information, which resulted in the transfer of approximately \$110,000 from the SBA into Account 8514
3	July 17, 2020	Submission of Application-2 on behalf of Adde Botanica & Florist LLC, containing false information, which resulted in the transfer of approximately \$131,200 from the SBA into Account 7980

In violation of Title 18, United States Code, Section 1343.

FORFEITURE ALLEGATIONS AS TO ALL COUNTS

1. Upon conviction of the offenses charged in Counts 1, 2, and 3 of this Information, the defendant,

**RICHARD FADRAGA,
a/k/a "Ricardo Fadraga"**

shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 981(a)(1)(c), and Title 28, United States Code, Section 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to such violation.

2. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of the defendant up to the value of the above forfeitable property.


PHILIP R. SELLINGER
United States Attorney

CASE NUMBER: _____

**United States District Court
District of New Jersey**

UNITED STATES OF AMERICA

v.

**RICHARD FADRAGA,
a/k/a “Ricardo Fadraga”**

INFORMATION FOR

18 U.S.C. § 1349

18 U.S.C. § 1343

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